

ASSET PURCHASE AGREEMENT
FOR THE
ACQUISITION OF THE WATER SYSTEM ASSETS
OF
VILLAGE OF AROMA PARK, ILLINOIS,
AN ILLINOIS MUNICIPAL CORPORATION

BY
CONSUMERS ILLINOIS WATER COMPANY

December 4, 2000

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THE WATER SYSTEM ASSETS
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BY
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THIS ASSETS PURCHASE AGREEMENT, dated as of the 4th of December, 2000, by and among VILLAGE OF AROMA PARK, an Illinois municipal corporation, "AROMA PARK", and CONSUMERS ILLINOIS WATER COMPANY, an Illinois corporation, "CONSUMERS", with reference to the following RECITALS:

WITNESSETH:

WHEREAS, CONSUMERS is an Illinois corporation owning and operating water treatment facilities, drinking water distribution systems, waste water collection systems and waste water treatment systems located throughout the State of Illinois; and,

WHEREAS, AROMA PARK currently owns and operates a drinking water distribution system providing service to approximately 20,900 customers for its drinking water system in the Village of Aroma Park in Kankakee County, Illinois, the "System"; and

WHEREAS, CONSUMERS currently provides service to approximately 19,400 customers for drinking water through its drinking water system in the Village of Bradley, the City of Kankakee, and the Village of Bourbonnais, Kankakee County, Illinois; and,

WHEREAS, the parties hereto have reached an understanding with respect to the sale by AROMA PARK of the System all of the assets of the System to CONSUMERS; and,

WHEREAS, it is CONSUMERS intention to operate the System and to thereby provide water service within the Village of Aroma Park;

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the parties agree as follows:

1. DEFINITION OF OWNER

As used in this Agreement, the term "Owner" or "Seller" shall mean Aroma Park. This definition is intended to ensure that CONSUMERS has a binding and effective agreement to acquire good and marketable title to all the relevant water system assets. In addition, AROMA PARK, as the Owner and Seller of the water system, is giving CONSUMERS the benefit of their representations, warranties and covenants upon which CONSUMERS has relied in entering this Agreement and will rely in the course of consummating the transaction described herein.

2. SALE AND PURCHASE OF THE WATER SYSTEM ASSETS

Subject to the terms and conditions hereinafter set forth, CONSUMERS shall purchase from Owner, and Owner shall sell, assign, transfer, grant, convey and deliver to CONSUMERS, at the Closing the "Water System Assets".

The Water System Assets are herein defined to be all of the assets, properties and rights, whether tangible or intangible, real, personal or mixed, which are held or used with respect to the pumping, treating, supplying and distributing of water to the public in the Village of Aroma Park. Without limiting the generality of the foregoing, the Water System Assets shall include the following:

- (a) all water mains, piping, curb boxes and curb stops, service lines from the mains to the curb stops, pipelines, distribution facilities, meters, fire hydrants, structures, improvements, fixtures owned or used in the water system, and all appurtenances belonging or appertaining thereto;
- (b) all water facilities that are in service in Aroma Park;
- (c) all specialized machinery, equipment, tools, and other tangible personal property, used in, and in connection with, operation of the system, including supplies and inventories;
- (d) all real estate, used in, and in connection with, the operation of the system, including the real estate on which a 100,000 gallon water storage tank is located, and on which a 50,000 gallon water storage tank is located, and the real estate on which the meter which measures the water provided to AROMA PARK by CONSUMERS is located, except for the parcel of land where Well House #3 is located, which property shall be the subject of an easement granted by AROMA PARK to CONSUMERS;

- (e) all rights under any written or oral contract, agreement, lease, plan, instrument, registration, license, permit, certificate or other authorization or approval of any nature, or other document, commitment, arrangement, undertaking, practice or authorization;
- (f) all rights of owner under any easement, whether by grant or by prescription, any right-of-way, license, and/or main extension agreements;
- (g) existing planning studies of Owner for the provision of water service to water customers, along with system data, any hydraulic model, plans, engineering records, any mylars in the possession of Owner or its engineers relating to the water system, and customer service records, including customer records and data, both in paper form and in electronic form; and
- (h) all information, files, records, data, plans, system maps, main extension agreements relating to outstanding refund obligations, contracts and recorded knowledge, including customer and supplier lists and property records, related to the foregoing.
- (i) all customer records all computer software and computer discs containing stored information, trade goodwill, proprietary information and all other intangible assets owned or used by Purchaser exclusively in the conduct of its System.

The Water System Assets include the water meter (even if located within the house attached thereto) and appurtenances, but do not include the customer service line (that extends from the curb stop into the house) or the piping system and fixtures internal to the house. The Water System Assets are to be sold free and clear of all mortgages, liens, pledges, security interests, charges, claims, restrictions and encumbrances of any nature whatsoever. The Water System Assets, when considered collectively as the system by which water service is furnished to the customers within the Development, are sometimes referred to herein as the "Water System".

2.1 Listing of Water System Assets

The Water System Assets shall, without limitation to the definition stated above, include the specific assets, properties and rights set forth on Schedule 2.1.

2.2 Purchase Price

(a) The purchase price for the Water System Assets to be paid by CONSUMERS to AROMA PARK or its assignee as may be designated by AROMA PARK at or prior to closing, by cash, certified check or cashier's check, or wire transfer funds, payable in funds current in the State of Illinois, as described.

(i) \$80,000.00 paid at or prior to closing by Purchaser to seller or its assignee, by cash, Certified Check, or Cashier's Check;

(ii) Nineteen (19) consecutive payments of \$80,000.00 paid by Purchaser to Seller on or before each anniversary date of the Closing; and

(iii) a final payment of \$1,000,000.00 to be paid by Purchaser to Seller on or before the 20th anniversary date of Closing.

2.3 Accounts Receivable

CONSUMERS and Aroma Park will jointly read the water meters on the day of Closing. Those readings will be shared. AROMA PARK will issue water bills for the billing period ending on the day of the reading, and the customers will be directed to pay AROMA PARK.

2.4 Non-Assumption of Liabilities

With the exception of those items that may be listed on Schedule 2.4 attached hereto (the "Assumed Obligations"), all liabilities and obligations of Owner shall remain the sole responsibility of Owner. Except for the Assumed Obligations, CONSUMERS shall not assume and shall not be liable for any liabilities or obligations of Owner of any nature whatsoever, whether express or implied, fixed or contingent, whatsoever.

2.5 Title to Real Estate

At least ten (10) days after the execution of this Agreement, AROMA PARK shall provide to CONSUMERS evidence of title to the real estate conveyed under this agreement, such evidence shall be in the form of a commitment for an owner's title insurance policy issued by Kankakee County Title & Trust in the amount of the purchase price allocated herein to the real estate subject only to the general exceptions to be contained in the policy, to the title exceptions set forth in this Agreement, if any, and to liens or encumbrances of a definite and ascertainable amount which may be removed by the payment of money at the time of closing and which AROMA PARK shall so remove at that time. If the title insurance commitment discloses unpermitted exceptions, AROMA PARK agrees to remove such exceptions within 10 days after delivery of the title insurance commitment to CONSUMERS, or at closing, whichever is earlier. If AROMA PARK fails to remove such exceptions within the specified time, this Agreement shall become null and void unless CONSUMERS agrees to accept conveyance subject to such exceptions. AROMA PARK shall also pay all transfer taxes due in connection with the transfer of title and shall furnish to CONSUMERS a completed real estate transfer declaration in the form required pursuant to the Real Estate Transfer Tax Act of Illinois.

3. CLOSING

Subject to the provisions of Section 5, closing hereunder (the "Closing") shall take place at the office of Kankakee County Title & Trust Company, 151 North Schuyler Avenue, Kankakee, Illinois, on _____, 2000, or pursuant to written notice from CONSUMERS to AROMA PARK, on such other date, which date may be extended by either party by written notice to the other until _____, 2000. The date of the Closing is referred to herein as the "Closing Date". The effective time of the legal transfer hereunder shall be 12:01 a.m. on the day following closing.

3.1 Items to be delivered at Closing

At the Closing and subject to the terms and conditions herein contained:

- (a) AROMA PARK shall deliver to CONSUMERS all in a form reasonably satisfactory to CONSUMERS and its counsel, the Water System Assets, including, without limitation, the following:
 - (i) instruments and documents of conveyance and transfer, all in form reasonably satisfactory to CONSUMERS and its counsel, as shall be necessary and effective to transfer and assign to, and vest in, CONSUMERS good and marketable title to the Water System Assets and all rights necessary and appropriate in the provision of water service, including, without limitation, the following documents:
 - 1. A recordable Warranty Deed wherein AROMA PARK conveys to CONSUMERS, or its nominee, title to the following parcels of real estate, subject only to the exceptions set forth in paragraph 2.5 of this agreement, if any:
 - a) A parcel of land approximately ____ x ____, located on Lowe Road, where a 100,000 gallon capacity water tank and Aroma Park Well #2, IEPA # 22054, are located, and commonly known as: _____;
 - b) A parcel of land approximately ____ x ____, located North of Fifth Street, where Bridge Street abuts Fifth Street, where a 50,000 gallon capacity water tank and Aroma Park Well #1 are located, and commonly known as: _____;
 - c) A parcel approximately ____ x ____ located at the intersection of Aroma Park Road and Shaftsbury Road, and

commonly known as:

_____, where the meter which measures the amount of water provided to AROMA PARK by CONSUMERS is located.

The deed shall be in substantially the form attached hereto as Exhibit 3.1(1).

2. A perpetual easement to the property and access to the structure where certain pumps, equipment and machinery used in, and in connection with, the operation of the Water System are located, and which is commonly known as "Well House #3", and which houses the well bearing IEPA Well No. 22055. This property is commonly known as: 210 Bridge Street, Aroma Park. The easement shall be in substantially the form attached hereto as Schedule 3.1(2) and shall grant CONSUMERS, or its assignee, access and all other rights necessary and appropriate for construction, maintenance and repair of the building, and of the pumps, machinery and equipment and of the water mains and lines connected to such pumps, machinery and equipment.
3. Easements, or the Assignment of Easements, as appropriate, for the water distribution system; The easement shall be in substantially the form attached hereto as Exhibit 3.1 and shall grant CONSUMERS, or its assignee, access, and all other rights necessary and appropriate for construction, maintenance and repair of the water systems, or of the water mains as needed.
4. A Bill of Sale conveying to CONSUMERS the Water System Assets owned by Owner in substantially the form attached hereto as Exhibit 3.1(a)(i)(4); and
 - (ii) copies of, or the originals of, as appropriate, all the agreements, contracts, commitments, leases, plans, bids, quotations, proposals, instruments, certificates, permits and other instruments belonging to owner that are part of or related to the Water System Assets;
 - (iii) a complete and accurate list of the names and addresses of all customers and all other customer records;
 - (iv) a certificate, in form and substance satisfactory to CONSUMERS, executed by each third party to any contract listed on Schedule 2.4 confirming that all representations and warranties of owner with

respect to such contract are true and correct, and that there is no defense, counterclaim or asserted set off by such party under the contract, and that Owner and such party are each in compliance with the requirements thereof, and to the extent such party's consent is required to an assignment of the contract to CONSUMERS, such consent;

- (v) keys to any and all Water System buildings, and any other keys held by Owner with respect to the provision of water service;

and simultaneously with such delivery, all such steps shall be taken as may be required to put CONSUMERS in actual possession and operating control of the Water System Assets.

- (b) CONSUMERS shall deliver to AROMA PARK an amount as set forth in Section 2.2(i) and in a manner so directed by AROMA PARK, due at Closing.
- (c) At or prior to the Closing, AROMA PARK shall also deliver to CONSUMERS, the agreements, opinions, certificates and other documents and instruments referred to in Section 5 hereof.

3.2 Remedy

CONSUMERS and Owner acknowledge that the Water System Assets are unique and not otherwise available and agree that, in addition to any other remedy available, any party may invoke any equitable remedy to enforce performance hereunder, including, without limitation, the remedy of specific performance.

3.3 Further Assurances.

Owner from time to time after the Closing, at CONSUMERS' request, and without additional compensation, will execute, acknowledge and deliver to CONSUMERS such other instruments of sale, conveyance, assignment and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as CONSUMERS may reasonably require in order to vest in CONSUMERS, and/or to place CONSUMERS fully in possession of, all of the Water System Assets. Each of the parties hereto, without additional compensation, will cooperate with the other and execute and deliver to the other such instruments and documents and take such actions as may be reasonably requested from time to time by any other party hereto as necessary to carry out, evidence and confirm the purposes of this Agreement.

4. CONDUCT OF OWNER PENDING CLOSING

Owner agrees that, with respect to the Water System, pending the closing and except as otherwise agreed to in writing by CONSUMERS:

- (a) The business of Owner shall be conducted solely in the ordinary course consistent with past practice.
- (b) Owner shall continue to maintain and service its physical assets in the same manner as has been its consistent past practice.
- (c) Owner will use its best efforts to maintain its relations and goodwill with its suppliers, customers and any others having business relations with it.
- (d) Owner will maintain in full force and effect its insurance policies and binders. Owner will promptly advise CONSUMERS in writing of any change of insurer or type of coverage in respect of its policies and binders.
- (e) Owner shall comply with all laws, ordinances, rules, regulations and orders applicable to it and to the conduct of its business.
- (f) Owner will promptly advise CONSUMERS in writing of the threat or commencement of any dispute, claim, action, suit, proceeding, arbitration or investigation against or involving the Water System Assets or the sale and transfer thereof to CONSUMERS or of the occurrence of any condition or development exclusive of general economic factors affecting business in general) of a nature that is or may be materially adverse to the business, operations, properties assets, prospects or condition (financial or otherwise) of Owner.
- (g) Owner will conduct its business in such a manner that at the Closing the representations and warranties of owner contained in this Agreement shall be true as though such representations and warranties were made on and as of such date. Furthermore, Owner will use its best efforts to cause all of the conditions to this Agreement to be satisfied on or prior to the Closing Date.
- (h) Owner will not take any action which would result in a breach of any of the representations and warranties of owner hereunder.
- (i) Owner will provide CONSUMERS with such financial and other reports of its business as may be reasonably requested.
- (j) Owner will give to CONSUMERS' officers, employees, accountants, counsel and other representatives free and full access to and the right to inspect, during normal business hours, all of the premises, properties, assets, records, contracts and other documents relating to its business and operations, and shall permit them to consult with the officers, employees, accountants, counsel and agents of owner for the purpose of making such investigation of the business and operations of owner as

CONSUMERS shall desire to make, provided that such investigation shall not unreasonably interfere with the business or operations of Owner.

- (k) Owner shall notify and consult with CONSUMERS prior to the initiation, development or execution of any plans for expansion of or improvements to the Water System Assets or the Water System.
- (l) Owner will cooperate with CONSUMERS in sending any customer notices that in CONSUMERS' judgment are necessary or desirable in connection with the transactions contemplated herein.

5. CONDITIONS PRECEDENT TO CONSUMERS' OBLIGATIONS

All obligations of CONSUMERS under this Agreement are subject to the fulfillment or satisfactions or waiver by CONSUMERS, prior to or at the closing, of each of the following conditions precedent:

5.1 Closing Certificate; Performance by Owner

Owner shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing; and CONSUMERS shall have been furnished with a certificate or certificates of Owner dated the Closing Date, signed by the authorized representatives of owner, certifying, in such detail as CONSUMERS may reasonably request, to the fulfillment of the foregoing conditions and that all representations and warranties are true and correct as of Closing.

5.2 Litigation Affecting Closing

On the Closing Date, no proceeding shall be pending or threatened before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby, and no investigation that might eventuate in any such suit, action or proceeding shall be pending or threatened.

5.3 Owner Authorizations

Owner shall have furnished CONSUMERS with certified copies of all proceedings of owner, authorizing the transactions hereby contemplated, as CONSUMERS reasonably shall require.

5.4 Opinion of Counsel

Counsel for owner shall have delivered to CONSUMERS at closing an opinion of such counsel, in form and substance satisfactory to CONSUMERS.

5.5 Material Damage

It shall also be a condition precedent to Closing that the Water System Assets shall not be, or be threatened to be materially adversely affected by fire, explosion, earthquake, disaster, accident, cessation or interruption of utility or other services, flood, drought, lack of water supply, contamination of water supply, embargo, riot, civil disturbance, uprising, activity of armed forces or act of God or public enemy, or any other event or occurrence.

5.6 ICC Approval

This Agreement is contingent upon entry of an order satisfactory to CONSUMERS in its sole discretion, which approves and authorizes issuance by the Illinois Commerce Commission of a Certificate of Public Convenience and Necessity to serve the area and other related matters, and granting such other relief as CONSUMERS believes in its sole discretion to be required to authorize CONSUMERS to adequately operate the System, and such approvals and authority shall not be subject to any further modification or appeal. This Agreement is also contingent on the issuance, by the Illinois Environmental Protection Agency, to the extent required by Illinois law, of all permits CONSUMERS in its sole discretion deems necessary to authorize the Purchaser to adequately operate the System and such permit or permits as issued, shall not be subject to any further modification or appeal.

5.7 Warranty Deed

Contemporaneously with this agreement, AROMA PARK is executing a warranty deed to the parcels of real estate set forth in paragraph 3.1(a)(i)(1). AROMA PARK agrees the obligation of CONSUMERS under this agreement is contingent on the execution of the Warranty Deed, which shall be in substantially the form attached hereto as Exhibit 5.7. It is the intention of the parties that the Warranty Deed and this Agreement involving the purchase of the Water System Assets, are each dependent on the other, and one cannot be closed without the other.

5.8 Grant of Easement

Contemporaneously with this agreement, AROMA PARK is granting CONSUMERS an easement of the building, owned by AROMA PARK, located in the northwest quadrant of the intersection of 5th and Bridge Streets, Aroma Park, Illinois, which houses certain pumps, equipment and machinery used by AROMA PARK in, and in connection with, its operation of the Water System, and known as Well House #2. The easement will grant CONSUMERS access to the Well House, and to the real property on which the Well House is located, and will further grant CONSUMERS all other rights necessary and appropriate to allow adequate construction, maintenance and repair of the Well House, of the source of supply (well) and of the pumps, equipment and machinery located in the Well House, and of the water mains, and lines

connected to, and used in connection with Well House, and the Water System, and granting the right of access and ingress and egress for such individuals, vehicles and equipment as are necessary to effect such repairs and maintenance. AROMA PARK agrees the obligation of CONSUMERS under this agreement is contingent on the execution of the easement, which shall be in substantially the form attached hereto as Exhibit 5.8. It is the intention of the parties that the grant of easement and this Agreement involving the purchase of the Water System Assets, are each dependent on the other, and one cannot be closed without the other.

5.9 Satisfaction of Consumers

All actions, proceedings, resolutions, instruments and documents required to carry out this Agreement or incidental hereto and all other related matters shall have been approved on the Closing Date by CONSUMERS in the exercise of its reasonable judgment.

5.10 Obligation of Aroma Park

(a) AROMA PARK acknowledges that the locations of certain water mains, pipes, valves, and other appurtenances of the water system may be difficult to determine and accordingly, agrees to provide, at the request of CONSUMERS, an individual, employed by AROMA PARK as a Water Department employee on the date of execution of this agreement, who is familiar with the water system and the location of the various appurtenances thereto, for the purpose of assisting CONSUMERS in locating mains, pipes or valves to effect repairs. The obligation AROMA PARK to provide such assistance shall terminate on the third anniversary date of this agreement.

(b) CONSUMERS agrees to pay AROMA PARK, within a reasonable time of receipt of an invoice, the hourly wage, up to \$15.00 per hour, earned by the employee in connection with the activities set forth in sub-paragraph (a) of this Paragraph 5.8.

6. REPRESENTATIONS AND WARRANTIES OF OWNER

6.1 Owner hereby represents and warrants to CONSUMERS as follows:

- (a) Organization. AROMA PARK is a municipality duly authorized and in good standing under the laws of the State of Illinois. AROMA PARK is a duly organized Illinois municipal corporation.
- (b) System Ownership. Owner holds, or is entitled to hold, the exclusive right, title and interest to the assets and facilities comprising the Water System to be conveyed.
- (c) Current Operation. Owner has all requisite power and authority and all agreements, contracts, commitments, leases, certificates, permits and

other instruments required to conduct the business of the Water System as it has been and is now being conducted and to own and operate the Water System, and has, to the extent necessary, assigned the same to CONSUMERS.

- (d) Legal Authority. Owner has the full power and lawful authority to transfer to CONSUMERS the rights, title and interest in and to the Water System.
- (e) Due Authorization; Valid and Binding. Owner has the full power and lawful authority to execute and deliver this Agreement and all related agreements and to consummate and perform the transactions contemplated hereby and has duly and validly authorized the execution of this Agreement and all related documents and agreements by all necessary proceedings. This Agreement and all related agreements constitute the valid and binding obligation of Owner.
- (f) No Approvals or Violations. This Agreement does not require any further approvals of any other party, does not violate any law, ordinance or regulation, does not conflict with any order or decree, and does not conflict with or result in a breach of any contract, lease or permit to which Owner is a party.
- (g) Party to Decree. Owner is not party to, or subject to the provision of, any judgment, order, writ, injunction or decree of any court or of any governmental official, agency or instrumentality relating to the Water System or the Water System Assets.
- (h) Defeasance. As of the Closing, any outstanding bonds or other obligations creating, or claiming to create, a lien on any of the Water System Assets, will be retired and paid, and any and all liens and encumbrances on the Water System Assets will have been removed.
- (i) List of Assets. Schedule 2.1 contains a true and complete list of the Water System Assets.
- (j) Customer Records. The data contained in the customer records provided to CONSUMERS is true and accurate.

6.2 Except as set forth on Schedule 6-2, Owner hereby represents and warrants to CONSUMERS as follows:

- (a) Title of Assets. Owner has good and marketable title to the Water System Assets, free and clear of all liens, encumbrances and security interests for those assets being conveyed and easements being assigned.

- (b) Undisclosed Liabilities. There are no liabilities or obligations of owner, either accrued, absolute, contingent or otherwise, relating to the Water System. For purposes of this Agreement, the term liabilities shall include, without limitation, any direct or indirect indebtedness, guaranty, endorsement,, claim, loss, damage, deficiency, cost, expense, obligation or responsibility, either accrued, absolute, contingent or otherwise.
- (c) Condition of Assets. To the best of Owner's knowledge, all the tangible property included in the Water System Assets are usable in the regular course of business and conform to all applicable laws, ordinances, codes, rules and regulations relating to their construction, use and operation.
- (d) No Other Parties. No person other than Owner owns or has any interest in any equipment or other tangible assets or properties currently utilized or necessary to the operations or business of the water system.
- (e) Adequacy of Rights. All agreements, contracts, commitments, leases, certificates, permits and other instruments related to the water System are valid and enforceable in accordance with their terms, are in good standing, and the parties thereto are in compliance with the provisions thereof. No party is in default in the performance, observance or fulfillment of any material obligation, covenant or condition contained therein, and no event has occurred, which with or without the giving of notice or lapse of time, or both, would constitute a default thereunder.
- (f) Adequacy of Property Rights. All leases, licenses, rights or way, and easements related in any manner to the assets and properties comprising the Water System and all other instruments, documents and agreements pursuant to which Owner has obtained the right to use any real property in connection with the Water System are in good standing, valid and effective in accordance with their respective terms, and with respect thereto, there is no existing default or event which could constitute a default.
- (g) Rights to Facilities. Owner has good and valid rights to occupy and to obtain access to the areas where the water mains and other facilities of the Water System are located, and has, to the extent necessary, assigned the same to CONSUMERS.
- (h) Pending Litigation. There are no pending claims, actions, investigations or legal or administrative proceedings regarding the Water System or Owner's ability to transfer the system.
- (i) Threatened Litigation. There are no threatened claims, actions, investigations or legal or administrative proceedings regarding the Water System or Owner's ability to transfer the system, nor does Owner know or

have reasonable grounds to know of any basis for any such claim, action or proceedings

- (j) Contract for Refunds. Owner is not a party to any contract for future payment of refunds under a main extension agreement, customer deposit agreement or similar agreement with respect to the Water System.
- (k) Contract for Suppliers. Owner is not a party to any contract for the purchase of, or payment for supplies, equipment or for services related to the water System, except such contracts that shall not survive Closing.
- (l) No Material Change. Within the past two years, Owner has not made or suffered any amendment or termination of any material agreement, contract, commitment or lease or any governmental permit or authorization to which it is a party or by which it is bound, or canceled, modified or waived any debts or claims held by it, or waived any rights of substantial value.
- (m) No Material Adverse Conditions. There are no conditions or developments existing or, to the knowledge of owner, threatened which would have a material adverse effect on the Water System.
- (n) Compliance with Law. Owner is not in any violation of any law, ordinance or governmental rule or regulation to which it or its business, operations, assets or properties is subject and has not failed to obtain, or to adhere to the requirements of, any certificate, license, permit or other governmental authorization necessary to the ownership of its assets and properties or to the conduct of its business.

6.3 Except as set forth in Schedule 6.3, Owner hereby represents and warrants to and with CONSUMERS as follows with respect to compliance with environmental laws:

- (a) Compliance with Law. Owner has been and is in compliance with all Environmental Laws (as hereinafter defined).
- (b) Adequacy of Permits. Owner has obtained and continues to possess all permits, licenses, approvals or other authorizations which are required under the Environmental Laws, and has, to the extent necessary, filed such timely and complete renewal applications as may be required prior to the Closing Date, and also has complied with all reporting and record keeping requirements under the Environmental Laws.
- (c) Environmental Conditions. To the best of Owner's knowledge, following diligent inquiry and investigation, there are no past or present events, conditions, circumstances, activities, practices, incidents, actions or plans pertaining or relating to the Water System which may impede or prevent

continued compliance with the Environmental Laws or which may give rise to any civil or criminal liability under the Environmental Laws.

- (d) Complete Disclosure. Owner has provided complete disclosure of all past and present Environmental Conditions (as hereinafter defined), pertaining or relating to the Water System.
- (e) Compliance with Decrees. Owner has been and is in compliance with all orders, decrees, judgments and notices issued under or in connection with the Environmental Laws.
- (f) Cooperation for Compliance. Owner shall cooperate with CONSUMERS in demonstrating any past or present compliance, abatement, requirement or correction under the Environmental Laws pertaining or relating to the water system in connection with any application for the transfer, renewal, or issuance of any permits, licenses, approvals or other authorizations or to satisfy any regulatory requirements involving use of the water System Assets.

As used in this Agreement, the following terms shall have the following meaning: The term "Environmental Laws" shall include all federal, state and local environmental laws and regulations, including, without limitation, the Clean Water Act ("CWA") , also known as the Federal Water Pollution Control Act ("FWPCA"), 33 U.S.C. §§ 1251, et seq., the Safe Drinking Water Act ("SDWA") , 42 U.S.C. §§ 300f, et seq., the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §§ 9601, et seq., the Superfund Amendment and Reauthorization Act of 1986 ("SARA") , Public Law 99-499, 100 Stat. , 1613, the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C 6901, and regulations related thereto. Any reference to legislative act or regulation shall be deemed to include all amendments thereto and all regulations, orders, decrees, judgments or notices issued thereunder.

The term "Environmental Condition" shall mean any condition or circumstance related to the Water System, whether created by Owner or any other party, which (1) required or requires abatement or correction under an Environmental Law, or (2) has given or may give rise to any civil or criminal liability under an Environmental Law, or (3) has created or may create a public or private nuisance, including the presence of asbestos, PCB'S, hazardous substances, radioactive waste or radon, on, in or about the Water System.

6.4 No Misleading Statements

No representation or warranty by Owner in this Agreement or in any document delivered or to be delivered pursuant hereto or in connection herewith, and no statement, document, agreement, information or certificate made or furnished or to be made or furnished to CONSUMERS pursuant hereto or in connection with the negotiation, execution or performance of this Agreement, now and as of the Closing

Date, contain any untrue statement of a material fact, or fail to state any fact necessary to make any statement herein or therein not misleading.

6.5 Documents Produced

Owner has delivered to CONSUMERS true and complete copies of all the agreements, contracts, commitments, leases, certificates, permits and other instruments, documents and undertakings described in this Agreement.

6.6 Approval Of Board Of Trustees

This agreement shall be submitted for the approval of the Board of Trustees of Seller at the earliest possible time for formal approval. In the event such approval is not obtained, Purchaser shall have the option to declare this contract void, and there shall then be no further obligation of either party to the other. Seller warrants that this Agreement shall be submitted to the Board of Trustees for approval no later than

6.7 Authorization And Approval Of Agreement

All municipal governmental action required to be taken by Purchaser relating to the execution and delivery of this Agreement and the consummation of transactions contemplated hereby shall have been taken at or prior to the Closing.

Seller agrees that in the event any documents, or any Order or Resolution, necessary to authorize any act necessary to the consummation of the transactions contemplated herein is not executed, or is declared invalid or void, to execute such documents, and to enact such Orders and Resolutions as are necessary to validate or authorize the consummation of the transaction contemplated herein.

7. REPRESENTATIONS AND WARRANTIES OF CONSUMERS

7.1 CONSUMERS hereby represents and warrants to AROMA PARK as follows:

(a) Organization. CONSUMERS is a corporation duly organized and validly existing and in good standing under the laws of the State of Illinois.

(b) Due Authorization; Valid and Binding. CONSUMERS has the full power and lawful authority to execute this Agreement to consummate and perform the transactions contemplated hereby and has duly and validly authorized the execution of this Agreement by all necessary proceedings. This Agreement constitutes the valid and binding obligations of CONSUMERS.

7.2 Water Storage Tank

CONSUMERS agrees, at its sole cost to repaint the water storage tank used by AROMA PARK in the operation of the Water System, as required for good property management, but in no event more frequently than every ten (10) years, from the date of this Agreement. CONSUMERS further agrees on request of AROMA PARK, to paint the name "Aroma Park" on the tank when the tank is painted or re-painted, and reserves the right, failing such request, to paint CONSUMERS' name on the tank.

8. INDEMNIFICATION

8.1 Indemnification of Owner by CONSUMERS

From and after the Closing, CONSUMERS will reimburse, indemnify and hold owner and its officers and employees harmless from and against any and all liabilities, obligations, damages, losses, actions, audits, deficiencies, claims, fines, costs and expenses, including attorney's fees and costs resulting from, relating to, or arising out of:

- (a) the provision of water service by CONSUMERS for the period following Closing;
- (b) regulatory compliance for events that occur following the date of closing that did not originate with events that occurred prior to closing, including routine and periodic notices and reports to the Illinois Commerce Commission;
- (c) the failure of CONSUMERS to perform any of its covenants following Closing; and/or
- (d) the enforcement of this Section 8.

8.2 Indemnification of CONSUMERS by Owner

From and after the Closing, Owner will reimburse, indemnify and hold CONSUMERS and its affiliates, and their officers, directors and employees, harmless from and against any and all liabilities, obligations, damages, losses, actions, audits, deficiencies, claims, fines, costs and expenses, including attorney's fees and costs resulting from, relating to, or arising out of:

- (a) any liabilities or obligations of Owner for which claim is made against CONSUMERS of any nature whatsoever except for those liabilities and obligations of Owner which CONSUMERS specifically assumes pursuant to this Agreement;

- (b) any misrepresentation, breach of warranty or non-fulfillment of any agreement or covenant on the part of Owner under this Agreement, or from any misrepresentation in, or omission from, any Schedule or information furnished to CONSUMERS pursuant to this Agreement;
- (c) any claims by any third party in any way asserting a claim to the Purchase Price;
- (d) the provision of water service by Owner for the period prior to the date of Closing;
- (e) issues of regulatory compliance for events, and claims by third parties for events, that occurred prior to the date of Closing;
- (f) any claims by any third party asserting that there are no easement or legal or equitable right to maintain, occupy or access a utility facility (purchased by CONSUMERS from owner as part of the Water System Assets) at its current location;
- (g) the failure of Owner to perform any of its covenants following Closing; and/or
- (h) the enforcement of this Section 8.

8.3 Limitation

The indemnification obligations set forth in this Section are expressly limited as follows:

- (a) a party's right to assert a claim hereunder shall expire one (1) year following the closing Date, unless written notice to the party from whom indemnification is sought is provided prior to the expiration of that time period.
- (b) With the exception of a claim based on fraud, the indemnification liability of CONSUMERS and the Owner shall be limited to an amount equal to the purchase price.
- (c) CONSUMERS shall not be entitled to be indemnified by the Owner for any single claim or group of claims except to the extent such claims exceed \$20,000 in the aggregate.

8.4 General

Each party shall provide the other party with reasonable notice of any claims arising under this Section 8. The indemnification rights of the parties under this Section 8 are independent of and in addition to such rights and remedies as the parties may have at law or in equity or otherwise for any misrepresentation, breach of warranty, or failure to fulfill any agreement or covenant hereunder. Notwithstanding any other provision of this Agreement, in the event Owner fails to honor its indemnification obligations hereunder, CONSUMERS may apply an offset against any amounts owed to owner for the amount of any such claim or damage.

9. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

All representations, warranties, covenants and agreements made by the parties in this Agreement or in any certificate furnished hereunder shall survive the closing for a period of one year. Notwithstanding any investigation or audit conducted before or after the Closing Date or the decision of any party to complete the Closing, each party shall be entitled to rely upon the representations, warranties and agreements set forth herein and therein.

10. MISCELLANEOUS

10.1 Contents of Agreement; Parties in Interest

This Agreement sets forth the entire understanding of the parties hereto with respect to the transactions contemplated hereby. It shall not be amended or modified except by written instrument duly executed by each of the parties hereto. Any and all previous agreements and understandings between or among any or all of the parties regarding the subject matter hereof, whether written or oral, are superseded by this Agreement.

10.2 Binding Effect

All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the legal representatives, successors and assigns of Owner or CONSUMERS.

10.3 Waiver

Any term or provision of this Agreement may be waived at any time by the party or parties entitled to the benefit thereof by a written instrument executed by such party or parties.

10.4 Notices

Any notice, request, demand, waiver, consent, approval or other communication which is required or permitted hereunder shall be in writing and shall be deemed given only if delivered personally or sent by telegram or by registered or certified mail, postage prepaid, return receipt requested, as follows:

If to CONSUMERS to:

Mr. Terry Rakocy
President
Consumers Illinois Water Company
1000 South Schuyler Avenue
Kankakee, IL 60901

With a required copy to:

Philadelphia Suburban Water Company
Attn: General Counsel
762 Lancaster Avenue
Bryn Mawr, PA 19010-3489

and

Robert W. Boyd
Ackman, Marek & Boyd, Ltd.
One Dearborn Square
Suite 400
Kankakee, IL 60901

If to Owner:

President, Board of Trustees
Village of Aroma Park
Aroma Park, IL 60910
With a required copy to:

and

Jerome Shapiro
Village Attorney
200 East Court Street
Suite 112
Kankakee, IL 60901

or to such other address as the addressee may have specified in a written notice duly given to the sender as provided herein. Such notice, request, demand, waiver, consent, approval or other communication will be deemed to have been given as of the date so delivered, telegraphed or mailed.

10.5 Illinois Law to Govern

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the State of Illinois, without giving effect to any conflict of laws provision.

10.6 No Benefit to Others

The representations, warranties, covenants and agreements contained in this Agreement are for the sole benefit of the parties hereto, and their legal representatives, successors and assigns, and they shall not be construed as conferring any rights on any other persons.

10.7 Gender

Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

10.8 Exhibits and Schedules

All Schedules and Exhibits referred to herein are intended to be and hereby are specifically made a part of this Agreement.

10.9 Cooperation

Subject to the terms and conditions herein provided, each of the parties hereto shall use its best efforts at its own expense to take, or cause to be taken, such action, to execute and deliver, or cause to be executed and delivered, such additional documents and instruments, and to do, or cause to be done, all things necessary, proper or advisable under the provisions of this Agreement and under applicable law to consummate and make effective the transactions contemplated by this Agreement.

10.10 Severability

Any Provision of this Agreement that is invalid or unenforceable in any jurisdiction or under any circumstance shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof unless the involved or unenforceable provision causes this Agreement to fail of its essential purpose.

10.11 Counterparts

This Agreement may be executed in any number of counterparts and any signatory hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. This Agreement shall become binding when one or more counterparts taken together shall have been executed and delivered by all signatories. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have duly executed this Agreement on the date first written.

PURCHASER:

CONSUMERS ILLINOIS WATER COMPANY

ATTEST:

Jane Zemanne

By:

Terry J. Rakocy
TERRY J. RAKOCY, President

SELLER:

VILLAGE OF AROMA PARK

ATTEST:

Julie Paul
VILLAGE CLERK

By:

Norman Brinsley
Acting President,
Board of Trustees
Village of Aroma Park, Illinois